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NOTICE OF FINANCIAL REPORTING REQUIREMENTS FOR CHAPTER 11 DEBTORS IN POSSESSION ("FINANCIAL REPORTING REQUIREMENTS")

General Instructions

A chapter 11 debtor in possession serves as a fiduciary for the benefit of the creditors and owners in the case. Providing complete and accurate financial information regarding the estate is part of the debtor's fiduciary duty. The Financial Report Forms ("Reports") that are to be used for this purpose are attached.

What Must Be Reported

Interim Statements are required for all bank accounts over which the debtor has possession, custody, control, access or signatory authority, even if the account is not in the debtor's name, and whether or not the account contains only post-petition income.

Operating Reports must include a narrative statement regarding the status of the reorganization effort, and any problems or issues that have arisen since the filing of the prior Operating Report.

Debtors are required to report on all their financial information. Any portion of the debtor's post-petition income that the debtor believes is not included in the estate should nevertheless be reported, with the source of the income specifically identified. Information on all bank accounts must be reported, even if the debtor believes that the account contains only post-petition income that is not part of the estate.

Reporting Periods

Interim statements must be completed on a monthly basis and must be submitted within 15 days after the last day of each month. Operating Reports must be completed on a monthly basis and must be submitted within 15 days after the last day of each month.

The Interim Statements and Operating Reports must be submitted whether or not any financial activity has occurred. If an unusual event occurs that will delay filing of any of the Reports, you must submit a written explanation of the delay in lieu of the Report. Insufficient explanations may result in the filing of a motion to convert or dismiss your case.

Applicable Accounting Rules

The Reports are designed to enable debtors in possession to complete them without professional assistance. However, if professionals are utilized, they should follow Generally Accepted Accounting Principles. Also, the reports should indicate whether inventories are maintained on LIFO, FIFO or another valuation method.

Interim Statements are to be prepared on a cash basis only. The Profit and Loss Statement contained in the Operating Reports is to be prepared on an accrual basis only. The term accrual denotes revenues that have been earned or expenses that have been incurred, whether or not cash has actually been received or paid. Assets listed on the schedules at fair market value should be converted to historical cost for purposes of the Reports unless otherwise specifically noted. All amounts should be rounded to the nearest dollar.

Completing the Reports and Use of Customized Reports

The Reports are meant to be generic so that they can be easily adapted to various types of businesses. Reports must be typed or completed in ink and must be signed by the debtor in possession. Any attachments must have the case name and case number noted. All financial statements must be two-hole punched and must not be blue-backed nor submitted in duplicate. The United States Trustee will not conform or return copies of these forms. Each Interim Statement and Operating Report must be submitted as a separate document; do not staple them together. Do not staple groups of Statements or Reports together, even when several are being submitted at the same time. All blanks must be filled out completely. If any information requested on the report is inapplicable, this must be noted on the Report. If a Report is incomplete, it will be treated as if no Report had been submitted. If you believe that the Reports need significant modifications to be useful for your estate or if you already are preparing the Balance Sheet or Profit and Loss Statement, etc., in a format customized for your business, you should consult with the analyst assigned to your case, from whom you must obtain written permission before you may submit alternative reports.

Where to Submit Reports

Reports must be submitted to the United States Trustee. Do not file them with the bankruptcy court. Copies of the reports should also be submitted to the attorney for the debtor in possession and the chair of any creditors' committee appointed in the case.

Failure to Submit or Submission of Incomplete Reports

Failure to submit reports to the United States Trustee in a timely fashion may result in a motion to convert or dismiss the bankruptcy. The submission of reports that are incomplete or not prepared in accordance with this Guide will be treated as a failure to submit. All Reports signed by anyone other than the debtor in possession will be treated as not having been submitted.